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## Brazil

## Oilseeds and Products

## Brazilian Castor Bean Production

## 2005

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**Report Highlights:**

Brazil is currently the 5<sup>th</sup> largest world castor bean producer. Its production is dominated by small producers concentrated mainly in the state of Bahia, responsible for 87% of total production and 98% of total area. Given current government interest in biodiesel, castor bean production is expected to expand rapidly to supply industry demand. The 2003/04 and 2004/05 crops show extraordinary recovery in relation to the last decade, when production plummeted and represented only 27% of what is currently produced.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Brasilia [BR1]  
[BR]

**Brazilian Castor Bean Production:**

Brazilian production for the 2004/05 crop is estimated at 137,300 tons, an 8.8% decrease from the previous year. For the past decade, Brazil was the world's largest producer of castor bean berries and oil. Today, it is ranked as the 5<sup>th</sup> largest world producer, having lost market share to India as world leader in berry production. Brazil currently is using only half its productive capacity and has a competitive advantage in the quality of oil because of a unique extraction technique. Brazil's crushing capacity is approximately 160,000 tons/year of berries.

Castor bean production has always been considered an activity for small producers, especially in the Northeastern semi-arid region of the country. The state of Bahia is the center of castor bean production in Brazil, especially the region of Irecê, where castor bean production employs the majority of the local workforce in the periods between grain harvests. As world castor bean prices have increased, over the past couple of years, producers, exporters and industries have become more interested in this crop.

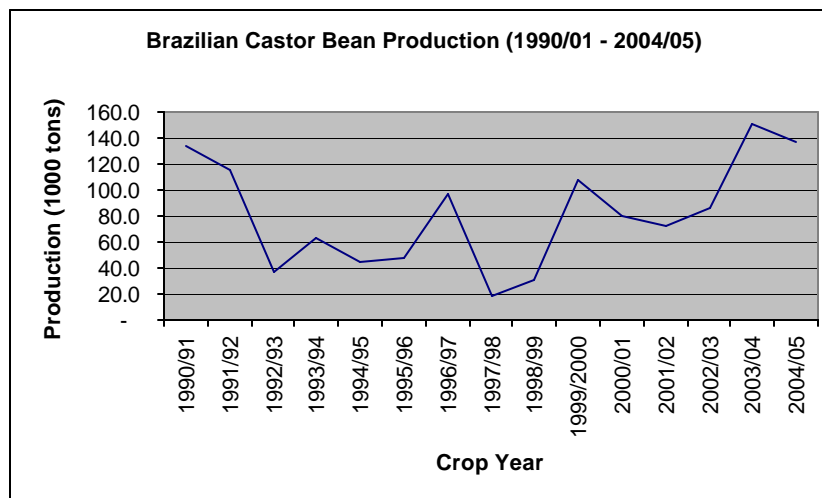
Recently, castor bean production expanded to the Cerrado (Brazilian savannah) regions of the Northeast (Barreiras/BA, Piauí, and Maranhão) and Center-West of Brazil. Forecasts show a tendency for expansion to all areas of the Cerrado. Production is projected to increase as a result of this area expansion and therefore, domestic industries will rely less on imports to meet local demands.

In the states where productivity rates are higher, in the Southeast and Center-West regions, castor bean production represents only 2% of the total Brazilian production. The state of Bahia is by far the largest castor bean producer, with 87.6% of the country's production and 98.8% of total area. However, productivity in the region is one of lowest among producing states due to a series of factors, including:

- Low producer prices;
- Lack of sufficient credit and technical assistance for local producers;
- Use of the same area in successive crops;
- Low quality seeds;
- Unorganized internal market for both producers and consumers.

The table below shows Brazilian castor bean production for 2003/04 and 2004/05 crops in Brazil.

<b>Total Brazilian Castor Bean Area, Productivity and Production</b>									
<b>Region</b>	<b>Area (1000 ha)</b>			<b>Productivity (kg/ha)</b>			<b>Production (1000 tons)</b>		
	<b>03/04</b>	<b>04/05</b>	<b>Var. %</b>	<b>03/04</b>	<b>04/05</b>	<b>Var. %</b>	<b>03/04</b>	<b>04/05</b>	<b>Var. %</b>
<b>Northeast</b>	<b>162.5</b>	<b>174.4</b>	<b>7.3</b>	<b>910</b>	<b>771</b>	<b>-15.3</b>	<b>147.8</b>	<b>134.5</b>	<b>-9</b>
Piauí	3.7	3.7	-	1300	1300	-	4.8	4.8	-
Ceará	9.3	9.3	-	950	950	-	8.8	8.8	-
Pernambuco	1.2	1.2	-	590	590	-	0.7	0.7	-
Bahia	148.3	160.2	8	900	750	-16.7	133.5	120.2	-10
<b>Southeast</b>	<b>2.4</b>	<b>2.4</b>	<b>-</b>	<b>1167</b>	<b>1167</b>	<b>-</b>	<b>2.8</b>	<b>2.8</b>	<b>-</b>
Minas Gerais	1.7	1.7	-	1000	1000	-	1.7	1.7	-
São Paulo	0.7	0.7	-	1600	1600	-	1.1	1.1	-
<b>North/Northeast</b>	<b>162.5</b>	<b>174.4</b>	<b>7.3</b>	<b>910</b>	<b>771</b>	<b>-15.3</b>	<b>147.8</b>	<b>134.5</b>	<b>-9</b>
<b>Center-South</b>	<b>2.4</b>	<b>2.4</b>	<b>-</b>	<b>1167</b>	<b>1167</b>	<b>-</b>	<b>2.8</b>	<b>2.8</b>	<b>-</b>
<b>Brazil</b>	<b>164.9</b>	<b>176.8</b>	<b>7.2</b>	<b>913</b>	<b>777</b>	<b>-14.9</b>	<b>150.6</b>	<b>137.3</b>	<b>-8.8</b>
<b>Source: Conab (December 2004)</b>									



Source: Conab ([www.conab.gov.br](http://www.conab.gov.br))

### Consumption:

Castor beans present possibilities for total plant utilization: leaves (silkworm feed), shell (sugar extraction), and seeds (oil and meal). The oil can produce over a thousand byproducts, such as cosmetics, lubricants, plastics, human prosthetics and, most importantly, biodiesel.

### Policy:

Brazil's impressive recovery in production over the past couple of years is largely due to several government programs promoting and optimizing domestic biodiesel production. Federal programs such as the "Brazilian Biodiesel Technological Development Program – PROBIODIESEL", and state level measures such as tax exemptions and incentives for castor bean producers are expected to have a positive impact on future expansion of this crop. Furthermore, a draft bill is being considered by the Congress, which allows an addition of 2% of biodiesel to mineral diesel consumed domestically, thus increasing the demand for the product. Crop financing and government purchase guarantees for family farmers are also under consideration by the current administration.

### Imports:

Castor bean oil production in Brazil has decreased over the past decade, and imports increased when needed to meet industry demand. From January to June 2005, Brazil imported an insignificant 2.76 tons of castor bean oil, only 1.9 percent of total imports for the same period in the previous year, because of a domestic production rebound in the past couple of crops.

<b>Brazil: Castor Bean Oil Imports - HTS 15153000 (US\$ FOB, Metric Tons)</b>						
	<b>MY 2003</b>		<b>MY 2004</b>		<b>MY 2005 1/</b>	
<b>Origin</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>
India	3,704	2	1,346,858	1440	1,848	1
United States	10,404	2	30,084	16	7,661	1
European Union	9,773	4	162	0	3,871	1
Others	117,403	142	0	0	0	0
<b>Total Imports</b>	<b>141,284</b>	<b>150</b>	<b>1,377,104</b>	<b>1456</b>	<b>13,380</b>	<b>3</b>
Source: Brazilian Secretariat of Foreign Trade (SECEX) 1/January-June						

**Exports:**

Although Brazil is the world's second largest castor bean oil exporter, exports declined in 2004 because of a steady increase in domestic consumption and poor perspectives in the external market. Growth in castor bean production in 2005, following the tendency of the state of Bahia to supply castor beans for biodiesel production, generated additional supplies, which were directed to foreign markets, especially the European Union.

<b>Brazil: Castor Bean Oil Exports - HTS 15153000 (US\$ FOB, Metric Tons)</b>						
	<b>MY 2003</b>		<b>MY 2004</b>		<b>MY 2005 1/</b>	
<b>Destination</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>
European Union	244,176	352	52,404	44	2,601,508	3118
Argentina	223,859	204	340,658	292	133,782	128
Mexico	208,944	191	265,355	236	87,520	88
United States	699,289	1,105	79,978	37	15,960	15
Others	136,160	127	244,054	214	122,156	118
Total Exports	1,512,428	1,980	982,449	824	2,960,926	3465
Source: Brazilian Secretariat of Foreign Trade (SECEX) 1/January-June						